ARIZONA CORPORATION COMMISSION UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY

W-02G24A

RANCH WATER MICHAEL'S WATER RANCH USERS' ASSOCIATION 1 MICHAELS RANCH ROAD SEDONA, AZ 86336 RECEIVED

APR 1 9 2005

AZ Corporation Commission Director Of Utilities

ANNUAL REPORT

FOR YEAR ENDING

31 2004 12

FOR COMMISSION USE 04

ANN04

COMPANY INFORMATION

Company Name (Business Name)	Michael's Ranch	Water Users	Assn.
Mailing Address \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \	S Ranch Rd.		
Sed on a (Street)	0.2	86336	
(City)	(State)	(Zip)	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Ar	rea Code)
Email Address			
Local Office Mailing Address	(Street)		
(City)	(State)	(Zip)	
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include	le Area Code)
Email Address			
	ty Harper	-	
1 Michaels Ranch	ty Harper Rd Sedona az	(Title) 8633 (a	
(Street) 928 282 2903	(City)	(State)	(Zip)
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Ar	ea Code)
Email Address			
On Site Manager: Bob F	Pacult Dire	etort Water	System mg
1 Michaels Ranch	Rd Sedoner a	2 86336	
(Street) 928-203-0411	(City)	(State)	(Zip)
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area	a Code)
Email Address 54 NSpirit @	Msn. com		

Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: William Sc	(Name) ESG-	
2712 N.7th St. Ph	oenix az	85006-1090
(Street)	(002-266-8290	State) (Zip)
<u> 102 – 248 – 0372</u> Telephone No. (Include Area Code)	<u> </u>	Pager/Cell No. (Include Area Code)
Attorney: SAME AS ABO	υν-ℓ	
3,7,7,7,12	(Name)	
(Street)	(City)	(State) (Zip)
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	ager/Cell No. (Include Area Code)
Please mark this box if the above addres	s(es) have changed or are update	ed since the last filing.
OWNER	RSHIP INFORMATION	
Check the following box that applies to your c	ompany:	
Sole Proprietor (S)	C Corporation (C) (Oth	er than Association/Co-op)
Partnership (P)	Subchapter S Corporati	on (Z)
☐ Bankruptcy (B)	Association/Co-op (A)	
Receivership (R)	Limited Liability Comp	any
Other (Describe)		
<u>CO</u>	UNTIES SERVED	
Check the box below for the county/ies in which	ch you are certificated to provide s	ervice:
	☐ COCHISE	☐ COCONINO
	<u> </u>	_
☐ GILA	☐ GRAHAM	☐ GREENLEE
☐ LA PAZ	☐ MARICOPA	☐ MOHAVE
□ NAVAJO	☐ PIMA	☐ PINAL
☐ SANTA CRUZ	YAVAPAI	☐ YUMA
☐ STATEWIDE	1	

COMPANY NAME MICHAEL'S RANCH WATER USERS' ASSOCIATION

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights	5,000		5,000
304	Structures and Improvements	26,277	12,709	13,568
307	Wells and Springs	32,000	19,198	12,802
311	Pumping Equipment	13,708	8,083	5,625
320	Water Treatment Equipment	1,085	36	1,049
330	Distribution Reservoirs and Standpipes	47,730	28,505	19,225
331	Transmission and Distribution Mains	58,800	32,928	25,872
333	Services	3,500	2,101	1,399
334	Meters and Meter Installations	3,000	2,250	750
335	Hydrants	1,400	784	616
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	192,500	106,594	85,906

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME MICHAEL'S RANCH WATER USERS' ASSOCIATION

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights	5,000		
304	Structures and Improvements	26,277	3.33%	875
307	Wells and Springs	32,000	3.33%	1,066
311	Pumping Equipment	13,708	12.50%	
320	Water Treatment Equipment	1,085	3.33%	Î .
330	Distribution Reservoirs and Standpipes	47,730	2.22% / 5.00%	1,636
331	Transmission and Distribution Mains	58,800	2.00%	1,176
333	Services	3,500	3.33%	117
334	Meters and Meter Installations	3,000	8.33%	250
335	Hydrants	1,400	2.00%	28
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	192,500		6,898

This amount goes on Comparative Statement of Income and Expense Acct. No. 403.



To the Board of Directors of Michael's Ranch Water Users' Association Sedona, Arizona

We have compiled the balance sheet of Michael's Ranch Water Users' Association as of December 31, 2004 and 2003, and the comparative statement of income and expense for the years then ended included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Our compilation was limited to presenting in the form prescribed by the Arizona Corporation Commission information that is the representation of management. We have not audited or reviewed the financial statements referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

These financial statements are presented in accordance with the requirements of the Arizona Corporation Commission, which differ from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.

All other information contained in the accompanying prescribed form has not been audited, reviewed, or compiled by us and, accordingly, we assume no responsibility for that information.

ULLMANN & COMPANY, P.C. Certified Public Accountants

Wilmann & Company

March 23, 2005

COMPANY NAME

MICHAEL'S RANCH WATER USERS' ASSOCIATION

BALANCE SHEET

Acct. No.	ASSETS	BEGI	ANCE AT INNING OF YEAR		ANCE AT END OF YEAR
	ASSETS		ILAK		ILAK
	CURRENT AND ACCRUED ASSETS				
131	Cash	\$	23,519	\$	31,970
134	Working Funds		-		
135	Temporary Cash Investments				
141	Customer Accounts Receivable		0		284
146	Notes/Receivables from Associated Companies				
151	Plant Material and Supplies				
162	Prepayments				
174	Miscellaneous Current and Accrued Assets				
	TOTAL CURRENT AND ACCRUED ASSETS				
		\$	23,519	\$	32,254
	FIXED ASSETS				
101	Utility Plant in Service	\$	191,415	\$	192,500
103	Property Held for Future Use				
105	Construction Work in Progress				
108	Accumulated Depreciation - Utility Plant	ŀ	99,696		106,594
121	Non-Utility Property				
122	Accumulated Depreciation - Non Utility				
	TOTAL FIXED ASSETS	\$	91,719	\$	85,906
	TOTAL ASSETS	\$	115,238	\$	118,160

NOTE: The Assets on this page should be equal to Total Liabilities and Capital on the following page.

COMPANY NAME

MICHAEL'S RANCH WATER USERS' ASSOCIATION

BALANCE SHEET (CONTINUED)

Acct. No.		BE	ANCE AT GINNING		ANCE AT END OF
	LIABILITIES	<u> </u>	F YEAR	<u> </u>	YEAR
	CURRENT LIABILITES	<u> </u>			
231	Accounts Payable	\$		\$	 -
232	Notes Payable (Current Portion)	Ψ		•	
234	Notes/Accounts Payable to Associated Companies		45		0
235	Customer Deposits				Ü
236	Accrued Taxes	1	0		392
237	Accrued Interest		<u> </u>		
241	Miscellaneous Current and Accrued Liabilities			i	1.1
	TOTAL CURRENT LIABILITIES	\$	45	\$	392
	LONG-TERM DEBT (Over 12 Months)	i 			
224	Long-Term Notes and Bonds				
				! !	
	DEFERRED CREDITS	i			
251	Unamortized Premium on Debt				
252	Advances in Aid of Construction		_		
255	Accumulated Deferred Investment Tax Credits				
271	Contributions in Aid of Construction			1	
272	Less: Amortization of Contributions	-		<u> </u>	·
281	Accumulated Deferred Income Tax			i .	
	TOTAL DEFERRED CREDITS	\$	-	\$	-
	TOTAL LIABILITIES	\$	45	\$	392
	CAPITAL ACCOUNTS				
201	Common Stock Issued			! 	
211	Paid in Capital in Excess of Par Value				
215	Retained Earnings	i	115,193		117,768
218	Proprietary Capital (Sole Props and Partnerships)		117100		11==00
	TOTAL CAPITAL	\$	115,193	\$	117,768
	TOTAL LIABILITIES AND CAPITAL	\$	115,238	\$	118,160

COMPANY NAME MICHAEL'S RANCH WATER USERS' ASSOCIATION

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIC	DR YEAR	CU	RRENT YEAR
461	Metered Water Revenue	\$	25,761	\$	25,521
460	Unmetered Water Revenue	•			
474	Other Water Revenues		150		213
	TOTAL REVENUES	\$	25,911	\$	25,734
	OPERATING EXPENSES	!			
601	Salaries and Wages		,		
610	Purchased Water		0		183
615	Purchased Power		2,904		3,146
618	Chemicals				
620	Repairs and Maintenance		1,843		2,578
621	Office Supplies and Expense		327		130
630	Outside Services	• •	3,528		6,980
635	Water Testing		496		143
641	Rents				
650	Transportation Expenses				
657	Insurance - General Liability	•	1,813		1,968
659	Insurance - Health and Life				
666	Regulatory Commission Expense - Rate Case	1			
675	Miscellaneous Expense		483		274
403	Depreciation Expense		6,862		6,898
408	Taxes Other Than Income				
408.11	Property Taxes		575		488
409	Income Tax		0		442
	TOTAL OPERATING EXPENSES	\$	18,831	\$	23,230
	OTHER INCOME/EXPENSE	ļ			
419	Interest and Dividend Income	\$	73	\$	71
421	Non-Utility Income	1	216		0
426	Miscellaneous Non-Utility Expenses				
427	Interest Expense				
	TOTAL OTHER INCOME/EXP	\$	289	\$	71
	NET INCOME/(LOSS)	\$	7,369	\$	2,575

COMPANY NAME MICHAEL'S RANCH WATER USERS' ASSOCIATION

SUPPLEMENTAL FINANCIAL DATA Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End	\$ 0	
Meter Deposits Refunded During the Test Year	\$ 0	

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-518864	71/2	50-60	680'	10"(0-20')	2	1987
				10"(0-20') 8"(0-680')		

^{*} Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
NONE		

Horsepower Quantity Quantity Standard Quantity Other 2 3 0	BOOSTER PUMPS		FIRE HYDRANTS		
5 2 3 0	Horsepower	Quantity	Quantity Standard	Quantity Other	
	5	2	3	0	
	-				

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
75,000 gal	1	2000 991	1

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

WAINS		
Size (in inches)	Material	Length (in feet)
2		
3		
4		
5		
6	PUL	4500
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X ³ / ₄	20
3/4	
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

COMPANY NAME:		

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2004

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY			
FEBRUARY			
MARCH			
APRIL			
MAY			
JUNE		111111111	
JULY			
AUGUST			
SEPTEMBER			
OCTOBER			
NOVEMBER			
DECEMBER			
	TOTAL		

Is the Water Utili	ty located in an ADWR Active Managemen	nt Area (AMA)?
() Yes	(X) No	
Does the Compan	y have an ADWR Gallons Per Capita Per	Day (GPCPD) requirement?
() Yes	(X) No	
If yes, provide the	e GPCPD amount:	_
	of arsenic for each well on your system	<u>• []</u> mg/l
Note: If you are fi system.	iling for more than one system, please provi	de separate data sheets for each

COMPANY NAME MICHAEL'S RANCH WATER USERS' ASSOCIATION YEAR ENDING 12/31/2004

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2004 was: \$ 488		
Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.		
If no property taxes paid, explain why		

COMPANY NAME MICHAEL'S RANCH WATER USERS' ASSOCIATION YEAR ENDING 12/31/2004

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported Estimated or Actual Federal Tax Liability	2,311 347
State Taxable Income Reported Estimated or Actual State Tax Liability	<u>0</u> <u>45</u>
Amount of Grossed-Up Contributions/Advances:	
Amount of Contributions/Advances	0
Amount of Gross-Up Tax Collected	$\underline{0}$
Total Grossed-Up Contributions/Advances	0

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

SIGNATURE

SIGNATURE

Onishe Ross

PRINTED NAME

TITLE

RECEIVED

VERIFICATION AND SWORN STATEMENT

APR 1 9 2005

Intrastate Revenues Only	AZ Corporation Commission
	PT. 4

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 27,255

(THE AMOUNT IN BOX ABOVE

	meraline in the second control
VERIFICATION	Director Of Utilities
	COUNTY OF (COUNTY NAME)
STATE OF ARIZONA	YAVAPAI
	NAME (OWNER OR OFFICIAL) TITLE DOCUMENT OF THE PROPERTY OF CHILD CHILD CHILD
I, THE UNDERSIGNED	ROSELLE L. WISSEER, DIRECTOR CHATSITE NO
	COMPANY NAME
OF THE	MICHAEL'S RANCH WATER USERS' ASSOCIATION

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

Γ	MONTH	DAY	YEAR
l	12	31	2004

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE **UTILITY OPERATIONS DURING CALENDAR YEAR 2004 WAS:**

	INCLUDES \$ 1,521	
	IN SALES TAXES BILLED, OR COLLECTED)	
**REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE	SIGNATURE OF OWNER OR OFFICIAL	
DIFFERENCE. (EXPLAIN IN DETAIL)	SIGNATURE OF OWNER OR OFFICERE	
SUBSCRIBED AND SWORN TO BEFORE ME	TELEPHONE NUMBER	
A NOTARY PUBLIC IN AND FOR THE COUNTY OF	COUNTY NAME	
THIS DAY OF	,20	
(SEAL)		
MY COMMISSION EXPIRES	SIGNATURE OF NOTARY PUBLIC	

VERIFICATION AND

RECEIVED

SWORN STATEMENT APR 1 9 2005

VERIFICATION

RESIDENTIAL REVENUE AZ Corporation Commission INTRASTATE REVENUES ONLY

EMPLEATION	INTR	ASIAIL	KEVENOES ON	D)	rector Of Ut	tilities
STATE OF ARIZONA	COUNTY OF (COUNTY	NAME)	YAVAPAI			
THE UNDERSIGNED	NAME (OWNER OR OF	/	ROSELLE L. WISSLER		LE DIRECTOR	
F THE	COMPANY NAME	MICHAEL'S	RANCH WATER USERS	ASSOCIATION		
O SAY THAT THIS ANNU.	AL UTILITY RI	EPORT 1	O THE ARIZO	ONA CORPO	DRATION CO	OMMISSION
OR THE YEAR ENDING	MONTH 12	DAY 31	YEAR 2004			
RECORDS OF SAID THE SAME TO BE A UTILITY FOR THE MATTER AND THIN BELIEF.	COMPLETE AN PERIOD COVE	D CORR	ECT STATEM THIS REPOI	ENT OF BUS RT IN RESI	SINESS AND A PECT TO EA	AFFAIRS OF S CH AND EV
WORN STATEMENT						
ARIZONA REVISED REVENUE OF SAID RECEIVED FROM RI ARIZONA INTRASTATE GROSS	UTILITY DER ESIDENTIAL CU	RIVED F	ROM <u>ARIZON</u> RS DURING CA (THE AM	A INTRAST	FATE UTILI EAR 2004 WA OX AT LEFT	<u>IY OPERATI AS</u> :
\$ <u>27,255</u>			IN SALES TAXES BILLED, OR COLLECTED)			
*RESIDENTIAL REVENU MUST INCLUDE SALES			PAGE		OF OWNER OR OFFICIAL EPHONE NUMBER	L
SUBSCRIBED AND SWORN TO BEFORE ME				NOTARY PUBLIC NAME		
A NOTARY PUBLIC IN AND FOR THE COUNTY OF				COUNTY NAME		
THIS		DA	Y OF	MONTH		,20
(SEAL)		_				

MY COMMISSION EXPIRES

FINANCIAL INFORMATION

Attach to this annual report a copy of the companies' year-end (Calendar Year 2004) financial statements. If you do not compile these reports, the Utilities Division will supply you with blank financial statements for completion and filing. <u>ALL INFORMATION MUST BE ARIZONA-SPECIFIC AND REFLECT OPERATING RESULTS IN ARIZONA.</u>

The company does not issue compiled financial statements. Please refer to pages 6-8 for financial statement information.